

INNOVATIVE TRANSIT FINANCING IN FLORIDA

PROBLEM STATEMENT

Transit 2020 identifies the gap between needs and revenues as a major problem facing transit in Florida. Indeed, current transit funding levels are “inadequate to fund existing as well as expanded capital maintenance and operating programs, and several funding sources lack stability and flexibility” (*Transit 2020*, 1998). One approach to resolving the growing disparity between transit needs and revenues is in the use of “creative and innovative funding strategies,” which have been termed innovative transit financing (ITF).

OBJECTIVES

The primary objectives of the study included:

1. Identifying and developing an inventory of existing innovative transit financing strategies in Florida.
2. Assessing the effectiveness of these strategies.

Related objectives included:

1. Providing an analysis and a synthesis of the data with an evaluative discussion on the effectiveness of ITF strategies in Florida. The analysis was to be aided by a set of criteria that address “success factors,” that is, factors that have contributed to successful ITF Strategies in Florida.
2. Providing recommendations for improving the effectiveness of ITF in Florida.

FINDINGS

The study differentiated between conventional and non-conventional ITF strategies because the Federal Highway Administration’s definition of ITF also includes strategies which in themselves may not be ITF approaches, but which when used in creative contexts can be considered innovative transit financing.

Having established such an operational definition of ITF, researchers developed an inventory that identified 21 different approaches to innovative financing in Florida (see Figure 5 of Final Report). Several, such as CMAQ and Surface Transportation Program (STP) funds, are not normally considered ITF in the transportation industry. However, as a result of the creative or innovative adaptations of these funds to generate revenues, they are also categorized as innovative transit funding.

Research data provided insight into:

1. The levels of popularity of these ITF strategies currently in use.
2. Which transit agency(s) is/are adopting particular ITF strategies.
3. Which ITF strategies are likely to be used by various transit agencies in the future.

Reasons for varying levels of popularity and use of identified ITF strategies include (1) ease of use, (2) financial flexibility, (3) ease of directly raising revenues, and (4) the extent to which ITF strategy can free up current revenue for other projects. Overall, popularity is limited due to factors such as (1) the complexity of financial arrangements, (2) statutory limitations, (3) institutional bias toward traditional finance methods, and (4) substantial administrative costs.

Researchers also investigated the strengths, weaknesses, constraints, and opportunities for ITF in the future.

CONCLUSIONS

Florida transit agencies have been adopting and adapting creative and innovative approaches to narrowing the gap between transit needs and inadequate revenues to meet those needs. Transit agencies have been adapting non-conventional funding approaches to creative applications, as well as implementing conventional ITF approaches. However, there are obstacles that undermine the effective implementation of many ITF strategies in Florida.

This study offers several recommendations for reducing or eliminating existing problems, which include:

- Improving the coordination of information (e.g., providing a forum for communicating information and coordinating ideas about Innovative Transit Finance in Florida).
- Adopting a more business-like approach.
- Creating a dedicated transit revenue source.
- Not penalizing transit agencies (i.e., cutting their budgets) for successfully raising additional revenue.

This research project was conducted by Keith C. Simmonds, Ph.D and Gary Paul, Ph.D at the Florida A & M University. For more information on the project contact Ike Ubaka, AICP, at (850) 414-4532, ike.ubaka@dot.state.fl.us